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C O N F I D E N T I A L SECTION 01 OF 04 PRAGUE 000420

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SUBJECT: SCENESETTER FOR SECRETARY RICE'S VISIT TO THE  
CZECH REPUBLIC

Classified By: DCM Mary Thompson-Jones for reasons 1.4 (b) + (d)

¶1. (C) Madam Secretary, Embassy Prague looks forward to welcoming you to the Czech Republic. Your visit is much anticipated by Prime Minister Topolanek and his government as an important signal of our strong transatlantic partnership. The signing of the Ballistic Missile Defense Agreement, which will be the highlight of your visit, will cement our close ties with the Czechs. Three other issues are likely to dominate your private and public discussions: Czech entry into the Visa Waiver Program, the U.S.-EU agenda for the Czech EU Presidency in 2009, and Czech Republic's contributions to global democracy and the war on terror. These three themes illustrate the Czech Republic's impressive progress since the Velvet Revolution, and they set the stage for an even closer collaboration on President Bush's key priorities: strengthening security and advancing freedom and democracy around the world.

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Domestic context  
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¶2. (C) Nearly 19 years after the 1989 Velvet Revolution, the Czech Republic today is a prosperous market economy, a stable democracy, and a committed American ally. Accession to the European Union in 2004, like accession to NATO in 1999, has solidified and accelerated the transition away from the country's communist past. The economy today is very strong and one of Europe's fastest growing, with 6 percent GDP growth in the past three years, relatively low inflation, and declining unemployment. Strong exports and continued healthy inflows of foreign investment drive the economy.

¶3. (C) Elections in June 2006 produced a deadlock, with the 200-seat Chamber of Deputies split evenly between left and right. The country was without a confirmed government for seven months while the politicians sorted out a compromise. In January 2007, PM Topolanek won a vote of confidence with the help of two defectors from the opposition. These two defectors and two others who have left the ranks of the opposition in 2008 have created an incredibly charged political atmosphere, where the coalition and opposition rarely cooperate in the parliament.

¶4. (C) Topolanek heads the center-right Civic Democrats (ODS) and governs together with the smaller Christian Democrats and the Czech Greens. Both because it lacks a reliable majority in Parliament and because of internal conflicts among coalition partners -- particularly involving the Greens -- the Topolanek government has recently had to scale back its ambitions, especially with regard to health care and social system reforms. Most observers expect the current three-party coalition to remain in power at least through the Czech EU Presidency in 2009.

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U.S.-Czech Relations

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15. (C) Our two countries enjoy excellent relations. We have worked well with both of the main parties to pursue common goals. The country is active within NATO and the EU, and generally supportive of U.S. policies. This is particularly the case regarding democracy promotion. While much of the Czech support for democracy and freedom is rightfully associated with former President Vaclav Havel, in fact the Czech commitment to this agenda has continued after Havel left office. The Czech MFA, for example, has a special unit designed to promote transformational diplomacy in countries that are not yet fully free. The Czechs have been our strongest partners in Europe on Cuba, and active supporters of the democratic opposition in Cuba. Likewise in Belarus, Burma, Iraq and other countries in transition, the Czech government and NGOs work to support peaceful transformation and pass along the lessons learned from their own history. Since 1995, Prague has been home to the U.S.-funded Radio Free Europe/Radio Liberty, which you will have an opportunity to visit.

16. (C) The Czechs remain actively engaged supporting U.S. and NATO-led coalitions. They currently have over 350 troops in Afghanistan, where they lead a PRT in Logar Province. They also have over 400 troops in Kosovo and a small group of trainers in Iraq. The Czechs have recently proposed deploying an elite SOF unit to Afghanistan under Operation Enduring Freedom command. Although this deployment is likely to be delayed, the Czechs have already deployed this unit on two separate occasions in 2004 and 2006. The Czechs recently suffered some casualties in Afghanistan, which have so far

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been accepted by the Czech public as a necessary sacrifice that the Czech Republic must make as a NATO ally.

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Missile Defense  
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17. (C) The signing ceremony of the Ballistic Missile Defense Agreement (BMDA) will be the highlight of your visit and the culmination of nearly 18 months of intense negotiations, during which the Czechs have proven repeatedly their commitment to the partnership with the United States and the NATO alliance. During the negotiations, the Czechs moved quickly to conclude the BMDA. The SOFA is nearly complete, with only one issue outstanding -- taxes on defense contractors. If this final matter is not resolved by the time of your visit, you should urge Topolanek to work with us to find a compromise soon.

18. (C) Topolanek's government has faced criticism from some MD-opponents who have argued that the Czechs should have adopted a tougher negotiating position like Poland. Topolanek, who is a confirmed transatlanticist and who sees MD as a natural next step in the partnership between our two countries, has responded by pointing to the Czech Republic's responsibilities as a NATO and U.S. ally. He also sees MD as an opportunity to expand science and technology, as well as economic, cooperation with the United States, and he will likely raise this point with you.

19. (C) Topolanek has taken a great political risk in pursuing the MD negotiations in the face of overwhelming public opposition to the project. If the parliament fails to ratify the MD agreements, Topolanek could lose the premiership. The politics of MD in the Czech Republic are complicated: Topolanek's ODS strongly supports; the small Christian Democrats are less solid, but most are behind the proposal; the Green party is utterly divided. On the other side of the political spectrum, the Communists are naturally strongly against. The leadership of the largest opposition party, the Social Democrats, has used its anti-MD stance to boost its popularity in advance of the fall regional and senate

election. The publicity-hungry leader of the Social Democrats, Jiri Paroubek, even took the unusual step of writing you an open letter in which he urged the United States to delay the signing of the MD agreements due to the strong public opposition to this initiative. However, we have indications that some in his party would support MD if they were allowed to vote their conscience.

¶10. (C) Polls show that 60-70 percent of the public is opposed to MD. These disappointing poll results, however, are misleading because they generally do not reflect other aspects of the public's views on MD: 1) Czechs want to be protected from the ballistic missile threat; and 2) they rank MD far behind their other concerns, which are predictably dominated by pocketbook issues. Unfortunately, the Czech government's effort to communicate the reasons for the radar is generally considered as a failure. The anti-MD groups -- an amalgam of pacifist, humanist, and communist elements -- have mounted an active PR campaign which, according to recent reports in the Czech media, may be funded by Russia. The embassy's priority has been to provide as much information as possible to the Czech public and especially the parliament. We have successfully refuted misinformation related to the health and environmental impacts of the radar.

¶11. (C) Given the lack of a stable parliamentary majority for the coalition, we have been particularly focused on outreach with the parliament. The strong MD language in the Bucharest NATO Summit communique helped some Christian Democrats and Greens overcome their doubts, but a few individuals remain convinced that this is a purely bilateral project that will somehow hurt NATO. In a situation where every vote will count during the ratification in the parliament, winning these individuals remains a priority. You will have an opportunity to meet with key parliamentarians and senators during your visit. The group will be a mix of supporters, skeptics, and those who are wavering. The meeting will be a chance for you to present an overview of how MD fits into the broader U.S. view of transatlantic security arrangements, affirm U.S. commitment to a European MD site, discuss relations with Russia, and answer questions. Among the points to stress with this group:

-- the urgency of the threat to the U.S. and Europe;  
-- commitment to linking the U.S. MD system with NATO;  
-- commitment to working with Russia to address its concerns, but with three important caveats: 1) Russia will not have a veto; 2) United States will not reach an agreement with Russia on observers and other transparency measures without Czech approval; and 3) Russia will not have a permanent

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presence at the radar site.

¶12. (C) Russia's position on the MD radar has been a prominent facet of the debate here. Russian opposition to MD and the resulting threats to the Czech Republic and Poland were used by many pro-radar Czechs, including Topolanek and his Civic Democrats, as justifications for their support of the radar and of tying the Czech Republic even more closely to its American ally. However, the neuralgic Czech public reaction to the notion of Russian observers being present at the radar site demonstrated that these anti-Russian sentiments could turn against us at any point when the Czechs would believe that the United States is negotiating "o nas bez nas" ("about us, without us"). With the 40th anniversary of the Warsaw Pact invasion approaching, the Czech anti-Russian sensitivities will be even more pronounced.

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Visa Waiver  
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¶13. (C) The Czechs are tremendously appreciative of President Bush's strong support for last August's visa waiver reform legislation that could make their entry into the Visa Waiver Program (VWP) a reality later this year. The visa

requirement has often been at the top of the Czechs, bilateral agenda and the one irritant in our otherwise positive relationship. If the Department of Homeland Security (DHS) can exercise its authority under the law to waive the requirement that a country have less than a three percent visa refusal rate, the Czechs should be able to qualify with their official visa refusal rate well below the ten percent threshold. This February, the Czechs signed a security memorandum of understanding (MOU) with DHS in the face of serious opposition from Brussels. Their leadership gave the other visa waiver aspirants the courage to follow suit.

¶14. (C) This is a success story in the making, but several tasks remain. We have reached agreement on one of the two implementing arrangements called for by the DHS MOU, and negotiations on the other should begin soon. You should urge the Czechs to continue working with DHS to complete the negotiations by the end of the summer. For its part, DHS must still stand up its Electronic System for Travel Authorization (ESTA) (slated to go live in early August), and certify to Congress that it is inspecting 97 percent of travelers who exit the United States by air. Many Czechs are aware that once these pieces fall into place, you must formally recommend to DHS that it include the Czech Republic (and other eligible countries) in the Visa Waiver Program. You will probably face polite pressure for some indication of when you will do this, with a strong desire on the part of the Czechs to see this happen on October 28, the Czech National Day. Given the many variables in making visa waiver happen, we have not been more specific than &late autumn.<sup>8</sup> We have also been careful to stress that visa waiver and missile defense are separate issues and that the success of one initiative is unrelated to the success of the other. The Czech public, however, has always connected the two given that these initiatives have advanced roughly in the same time frame.

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Europe, Energy, and Middle East  
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¶15. (C) The Czech government is increasingly focused on their first EU Presidency, during the first half of 2009. Under the leadership of Deputy Prime Minister Alexandr (Sasha) Vondra, former Czech Ambassador to Washington, the Czechs have been preparing their agenda, which will have the overarching theme "Europe Without Borders." Their Presidency, however, has already become tainted by the government's less than supportive stance on the Lisbon Treaty. While Topolanek has stated that he would send the Treaty to the parliament for ratification, he is under pressure to delay ratification from his own Civic Democratic Party, which has a strong Euro-skeptical wing.

¶16. (C) Among their EU Presidency priorities will be energy security, a key focus for PM Topolanek. The Czechs are very concerned about energy security and the reliability of Russian supplies. The Czech Republic gets all of its gas, and 70 percent of its oil, from Russia. They would like to see the EU, NATO, and the United States be more engaged on this question. During his February 2008 visit to Washington, PM Topolanek raised energy security with the Vice President, specifically, his concerns about Russia's efforts to acquire key pipelines in Europe.

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¶17. (C) PM Topolanek may also wish to discuss the Middle East, having recently met with Salam Fayad. He will want to hear from you how the Czechs can be helpful during their EU presidency. In this context, Topolanek may mention their preliminary plans to host an EU-Israel summit next spring. We expect that Topolanek will also ask about Iran, in part because Iran is usually mentioned as the source of the threat against which the European MD site is supposed to protect.

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Boosting Relations With a Solid Partner  
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¶18. (C) Your visit to Prague is timed perfectly to give a boost to the Topolanek government's effort to secure ratification of the MD agreements and to demonstrate that the United States values the Czech Republic as a friend and partner. During PM Topolanek's White House meeting in February, President Bush stated: "we're determined to make the year 2008 a strong chapter in our relationship." Madam Secretary, your visit will help make President Bush's words a reality. We look forward to welcoming you in Prague.

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